

Message Text

LIMITED OFFICIAL USE

PAGE 01 MONTEV 00542 091838Z

ACTION ARA-10

INFO OCT-01 ISO-00 STR-04 STRE-00 ITC-01 AGRE-00 CEA-01

CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

FEA-01 /086 W

-----092302Z 113210 /70

R 091808Z FEB 77

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 3183

INFO AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

LIMITED OFFICIAL USE MONTEVIDEO 0542

FOR ARA, ASSISTANT SECRETARY-DESIGNATE TODMAN FROM AMBASSADOR
PASS STR AND ITC

E.O. 11652: N/A

TAGS: ETRD, UY

SUBJECT: NON-RUBBER FOOTWEAR: AMCHAM PRESSES URUGUAYAN CASE

REF: (A) MONTEVIDEO 0544, (B) STATE 21335, (C) MONTEVIDEO 434,
(D) '76 MONTEVIDEO 1235 (E) MONTEVIDEO 0545

1. I AM SENDING BY SEPTTEL THE FULL TEXT OF A LETTER REGARDING SHOE
RESTRICTIONS PRESENTED TO ME BY ROGER HALOUA, PRESIDENT OF THE
AMERICAN CHAMBER OF COMMERCE ORGANIZATION IN URUGUAY, ON FEBRUARY
8. (MR. HALOUA IS ALSO GENERAL MANAGER OF FORD OPERATIONS HERE.)
BECAUSE THE CASE AND DATA PRESENTED IS IMPORTANT, I AM SENDING
THAT LETTER TO THE DEPARTMENT IN FULL SO THAT IT MAY BE CONSID-
ERED BY THOSE WORKING ON THE ULTIMATE DETERMINATION ON THIS ISSUE.
THE URUGUAYAN AMERICAN TRADE ASSOCIATION HAS ALSO PRESENTED ITS
VIEWS TO ME BY LETTER AND CABLE. THOSE ARE ALSO BEING TRANSMITTED
SEPTTEL (REF. E).

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MONTEV 00542 091838Z

2. IN SHORT, THE CASE PRESENTED IS THE FOLLOWING:
FROM INFORMATION NOW AVAILABLE TO THE URUGUAYANS AND REFLECTED
IN THE LETTER, THE ITC HAS PROPOSED A RESTRAINT PROGRAM WHICH
GIVES THEM A TARIFF QUOTA OF ONLY 10 PERCENT OF THEIR 1976 EXPORTS
OF SHOES TO THE U.S., WHILE THEIR NEIGHBOR, ARGENTINA, HAS A TARIFF
QUOTA OF MORE THAN THEIR TOTAL 1976 EXPORTS OF SHOES TO THE U.S.

ADDED TO THAT INJUSTICE IS THE FEELING THAT JUST AS THE COUNTRY FOLLOWED U.S. AND INTERNATIONAL AGENCY ADVICE TO THIN ITS ECONOMY AND DIVERSIFY EXPORTS, A U.S. AGENCY (THE ITC) PROPOSES A TRADE RESTRAINT PROGRAM TO CUT OUT A LEADING EXPORT. THAT PROGRAM WOULD IN ITSELF MAKE FLIGHT TO ARGENTINA OF THE \$10 MILLION INVESTMENT URUGUAYAN SHOE PRODUCTION ALMOST INEVITABLE. FURTHERMORE, IT WAS AMERICAN SEED CAPITAL WHICH STARTED LOCAL PRODUCTION AND ORIENTED IT NEARLY 100 PERCENT TOWARD THE U.S. MARKET. MEANWHILE U.S. EXPORTS TO URUGUAY OVER THE 1973-75 PERIOD DOUBLED AS PRODUCTION EQUIPMENT OF VARIOUS TYPES DIVERSIFIED EXPORT CAPACITIES. IN SHORT, WHILE THERE IS STILL TIME TO RUN IN THE PROCESS OF REVIEWING THE PROPOSED RESTRICTIONS, THERE IS ALREADY A DEEP REACTION HERE BASED ON THE APPARENT EXCLUSION OF URUGUAY IN COMPARISON WITH THE FAVORABLE ITALIAN, ARGENTINE, AND SPANISH TARIFF QUOTAS THE ITC ORIGINALLY PROPOSED.

3. SINCE THE ITC, ACCORDING TO STATE 021335, HAS NOT YET FINALIZED AND FORWARDED ITS REPORT TO THE PRESIDENT, I STRONGLY URGE THE DEPARTMENT TO DO WHAT IT CAN TO INDUCE A CHANGE SO THAT A HIGHER SHARE OF THE BURDEN IS NOT BORNE BY NEW ENTRANTS INTO THE U.S. MARKET, WHICH IS CLEARLY, AND WE THINK UNFAIRLY, THE THRUST OF THE FORMULA AS PUBLISHED. WHATEVER THE ITC'S FINAL FORMULA, ANY SUCH MAJOR RESTRICTION -- AND ESPECIALLY A DISCRIMINATORY ONE -- WILL HAVE A MARKED EFFECT ON THE GOU'S ATTITUDE TOWARD THE LESS STATIST, MORE OPEN, AND EXPORT-LED GROWTH PATTERN THIS COUNTRY SET AS A BASIC DEVELOPMENTAL GUIDELINE THREE YEARS AGO. ADVOCATES OF THIS HEALTHY TREND WOULD SURELY LOSE GROUND TO THOSE WHO ADVOCATE MORE STATIST CONTROL IN URUGUAY IS HURT BY U.S. RESTRAINT ACTION AS NOW DESIGNED. WHAT IT WOULD DO TO OUR PRESENTLY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MONTEV 00542 091838Z

TROUBLED BUT TRADITIONALLY FRIENDLY RELATIONS HAS BEEN AMPLY DESCRIBED EARLIER.

4. THE URUGUAYAN SHOE INDUSTRY DELEGATION WHICH WAS TO HAVE TRAVELED TO WASHINGTON EARLIER NOW PLANS TO ARRIVE FEBRUARY 11. I URGE THAT THEY BE GIVEN EVERY OPPORTUNITY TO MEET WITH APPROPRIATE HIGH-LEVEL OFFICIALS, ESPECIALLY THOSE WHOSE VIEWS WILL WEIGH ON THE INTER-AGENCY TASK FORCE WHICH WILL REVIEW THIS ISSUE. SIRACUSA

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LOBBYING, FOOTWEAR, IMPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MONTEV00542
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770046-1179
Format: TEL
From: MONTEVIDEO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770259/aaaabzts.tel
Line Count: 106
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c5da18c9-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 MONTEVIDEO 544, 77 STATE 21335, 77 MONTEVIDEO 434, 77 MONTEVIDEO 545
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 15-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3366173
Secure: OPEN
Status: NATIVE
Subject: NON-RUBBER FOOTWEAR: AMCHAM PRESSES URUGUAYAN CASE
TAGS: ETRD, UY, US, AMCHAMS
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/c5da18c9-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009